

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 ICA-20 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
COME-00 FRB-01 INR-10 NSAE-00 XMB-04 OPIC-06
LAB-04 SIL-01 L-03 H-02 /108 W
-----083269 290806Z /12

R 281405Z JUN 78
FM AMEMBASSY THE HAGUE
TO SECSTATE WASHDC 2875
INFO AMEMBASSY BRUSSELS
AMEMBASSY PARIS

UNCLAS SECTION 1 OF 2 THE HAGUE 3542

USEEC, USOECD ALSO FOR EMBASSY

E.O. 11652: N/A
TAGS: EFIN, ETRD, ELAB, OECD, NL
SUBJECT: ECONOMIC INDICATORS FOR THE NETHERLANDS - UPDATE

REF: A) 76 THE HAGUE A-127, B) THE HAGUE 2278, C) THE HAGUE C-39

1. SUMMARY OF TRENDS. THE DUTCH ECONOMIC SITUATION HAS SHOWN LITTLE IMPROVEMENT IN RECENT WEEKS AND CONTINUES TO BE MARKED BY A LOW RATE OF INVESTMENT, FLAT INDUSTRIAL PRODUCTION AND A HIGH LEVEL OF UNEMPLOYMENT BY DUTCH STANDARDS. THE ONLY BRIGHT SPOTS IN THIS PICTURE ARE THE STEADY DECLINE IN INFLATION TOWARD AN ANNUAL RATE OF ABOUT FOUR PERCENT AND AN APPARENT INCREASE IN CONSUMPTION BY ALMOST FOUR PERCENT DURING THE FIRST QUARTER OF 1978. TO SPUR COUNTRYWIDE INVESTMENT AND REDUCE UNEMPLOYMENT, AND TO ENCOURAGE INVESTMENT IN LESS DEVELOPED AREAS OF THE COUNTRY, SECOND CHAMBER OF THE PARLIAMENT PASSED IN LATE MAY THE INVESTMENT ACCOUNT BILL, ONE OF THE MAJOR PIECES OF DUTCH DOMESTIC LEGISLATION IN RECENT YEARS. THE ACT PROVIDES 13 BILLION GUILDERS TO BE DISBURSED OVER THE PERIOD 1978 TO 1981 THROUGH SEVERAL INVESTMENT TAX CREDITS AND PREMIUMS AND SHOULD
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HELP THE ECONOMY TO MEET PROJECTED ESTIMATE OF THREE PERCENT GNP GROWTH THIS YEAR. THE FINANCE MINISTER INFORMED PARLIAMENT IN THE TRADITIONAL SPRING MEMORANDUM IN JUNE THAT GON EXPECTS 1978 BUDGET DEFICIT TO RISE TO 13.4 BILLION GUILDERS OR 5.3 PERCENT OF NET NATIONAL INCOME WHICH EXCEEDS THE GOVERNMENT'S STATED OBJECTIVE OF HOLDING SUCH DEFICITS TO 4 TO 5 PERCENT OF NET NATIONAL INCOME. THE REVISED ESTIMATE INDICATES AN

INCREASE OF 800 MILLION GUILDERS IN THE DEFICIT. THE INCREASE IS EXPECTED TO ADD A LITTLE STIMULUS TO THE ECONOMY WITHOUT MUCH INFLATIONARY IMPACT. THE CABINET HAS HAD GREAT DIFFICULTY IN REACHING AGREEMENT ON PROPOSED CUTS OF AS MUCH AS 10 BILLION GUILDERS IN PLANNED GOVERNMENT EXPENDITURES IN 1979, 1980 AND 1981. THE LONG-AWAITED GOVERNMENT ANNOUNCEMENT OF THE ECONOMIC OUTLOOK THROUGH 1981, OF ITS PROPOSALS FOR RESTRAINING THE GROWTH OF PUBLIC SECTOR EXPENDITURE AND ITS VIEWS ON THE LIMITS OF THE BUDGET DEFICITS IS NOW EXPECTED JUNE 30, AFTER PARLIAMENT RECESSES ON JUNE 29, SO THAT DISCUSSION CANNOT TAKE PLACE UNTIL PARLIAMENT RECONVENES IN LATE AUGUST.

2. ECONOMIC INDICATORS:

INDICES (R-REVISION)	LATEST PERIOD AVAILABLE	INDEX OR QUANTITY	ONE YEAR PCT CHANGE
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INDUSTRIAL PRODUCTION (EXCLUDES CONSTRUCTION) (1970 - 100)	NOV 77 (R)	116	0
	DEC 77 (R)	120	2.6
	JAN 78 (R)	116	-0.9
	FEB 78 (R)	117	1.7
	MAR 78	118	-1.7
	APR 78	121	-0.8

CONSUMPTION, VALUE (1970 - 100)	DEC 77	256	8.5
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CONSUMPTION, VOLUME (1970 - 100)	DEC 77	142	3.7
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CONSUMER PRICES (1975 - 100)	APR 78	119.8	3.6
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PRODUCER PRICES FOR FINAL GOODS (1970 - 100)	JAN 78	157.3	4.3
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EXPORT PRICES (1969 - 100)	DEC 77	159	0
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HOURLY WAGES (1972 - 100)	MAR 78	183	8.3
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EXPORTS, VOLUME (1970 - 100)	DEC 77	165	-5.2
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IMPORTS, VOLUME (1970 - 100)	DEC 77	137	-18.5
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OTHER SERIES

MARITIME SHIPPING (CARGO) DEC 77 20313 -32.6
(1000 MT)

NATURAL GAS PROD. SEP 77 6626 -1.2
(MILLION CUBIC METERS) OCT 77 7346 -4.9
NOV 77 9141 0.4
DEC 77 10134 -12.0
JAN 78 11009 -1.8
FEB 78 9901 2.9

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TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
COME-00 FRB-01 INR-10 NSAE-00 XMB-04 OPIC-06
LAB-04 SIL-01 L-03 H-02 /108 W
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R 281405Z JUN 78
FM AMEMBASSY THE HAGUE
TO SECSTATE WASHDC 2876
INFO AMEMBASSY BRUSSELS
AMEMBASSY PARIS

UNCLAS SECTION 2 OF 2 THE HAGUE 3542

USEEC, USOECD ALSO FOR EMBASSY

MONEY SUPPLY (M1) NOV 77 56.7 NA
(BILLION DFL) DEC 77 57.5 NA
(SERIES BEGUN MAR 77) JAN 78 57.3 NA

MONEY SUPPLY (M2) NOV 77 91.6 NA
(BILLION DFL) DEC 77 93.9 NA
(SERIES BEGUN MAR 77) JAN 78 95.1 NA

INTEREST RATE (CALL) APR 78 4.17 3.47
(PERCENT, PERCENT YEAR AGO)MAY 78 4.23 0.83

INTEREST RATE (LT GOV) APR 78 7.27 8.11
(PERCENT, PCT YEAR AGO) MAY 78 7.40 8.12

UNEMPLOYMENT (THOUSANDS, MAR 78 (R) 200.5(5.1) 5.2
PCT OF WORK FORCE, PCT APR 78 202.0(4.8) 4.9
YEAR AGO)

CURRENT ACCOUNT (MILLION QIV 77 591 1738
DFL)(VALUE, VALUE YEAR AGO)
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NET OFFICIAL RESERVES FEB 78 18781 -0.1
(MILLION DFL)

EXCHANGE RATE (DFL PER MAY 78 2.23
\$, END OF PERIOD)
NEW SERIES

FOREIGN TRADE, MONTH VALUE JAN 78 9317X 21.7
(MILLION DFL) 9365M 6.2
NEW SERIES INCL. BLEU FEB 78 8662X 18.1
8886M 13.7
MAR 78 9423X 15.1
9558M 6.0

FOREIGN TRADE, YEAR TO JAN 78 9317X 21.7
DATE, VALUE (MILLION DFL) 9365M 6.2

NEW SERIES INCL. BLEU FEB 78 17979X 19.8
18251M 9.7
MAR 78 27402X 18.1
27809M 8.4

EXPORTS TO U.S. (MILLION JAN 78 297(3.2) 26.4
DFL, PCT OF TOTAL X, ONE FEB 78 227(2.6) -13.7
YR PCT CHANGE) MAR 78 330(3.5) -12.2
NEW SERIES

IMPORTS FROM U.S. JAN 78 920(9.8) 0.2
(MILLION DFL, PCT OF FEB 78 671(7.6) -6.2
TOTAL M, ONE YR PCT MAR 78 721(7.5) -24.6
CHANGE) NEW SERIES
BROWN
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Message Attributes

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